

**San Francisco Chronicle**

**State health-care system unraveling**

**PATIENTS IN PERIL: Many doctors reject HMO clients, survey says**

Sabin Russell, Chronicle Medical Writer

Wednesday, December 4, 2002

A survey by UCSF researchers warns that California's managed care system may be unraveling as growing numbers of independent physicians, unhappy with low fees, refuse to take on new HMO patients, making it harder for even the fully insured to find a doctor.

The report by Dr. Kevin Grumbach and colleagues at UCSF's Center for the Health Professions found that only 58 percent of California doctors are accepting new patients who are covered by a health maintenance organization.

That means that privately insured HMO patients are having almost as difficult a time finding a new doctor as recipients of Medi-Cal, the state and federally funded health insurance program for the poor. The survey found only 50 percent of primary care physicians were accepting new patients for Medi-Cal, a program notorious for the low rates it pays health providers.

"California has been heralded as the model for a network of managed care systems," said Grumbach. But now, "it's in retreat."

Patients are feeling the pinch. Albany resident Aimee Chitayat, a health care administrator herself, said she had a terrible time signing up with a primary care doctor. "I had to call 20 or so doctors on the list to find one that was taking new patients," she said. "Then the doctor I finally found dropped the HMO after 6 months, and I had to go through it all over again."

HMO members said they often simply give up trying to find a doctor. "My primary care physician gave me a list of about eight dermatologists," said Marsha Peterson, who said she is a Blue Shield member. "I called each one and was informed they were not taking new patients. Hence, I have not seen anyone."

Sausalito property manager Bruce Huff said doctors in Marin County are bailing out of independent practice associations -- the group medical practices that contract with HMOs.

"After changing doctors several times, we were forced to join a PPO," he said. A PPO, or preferred provider organization, is a health plan that offers more choice of doctors for a higher price. "Our family premium jumped from \$350 to \$1,015 a month," Huff said.

'PHANTOM NETWORKS'

Daniel Zingale, director of the California Department of Managed Care, said the problem, which he called "phantom networks," is a serious concern.

"Patients are presented with an adequate list of physicians, but the physicians aren't available," he said. "It's a practice we are cracking down on."

Zingale said doctors are opting out of medical groups and HMO contracts for a variety of reasons, including not being paid on time.

New laws signed in September, dubbed the "Physicians Bill of Rights," are designed to address doctors' complaints but will also give physicians more freedom to turn down patients when the doctors -- rather than the HMO -- decide that their workload is unmanageable.

Grumbach said managed care works as long as doctors feel they have no choice but to sign contracts with HMOs. But in growing numbers, doctors are opting out. In the words of the report, the system is unraveling.

#### ESPECIALLY SPECIALISTS

Medical specialists, in particular, are shying away from HMO patients, according to the survey -- 37 percent reported "no HMO patients" in 2001, compared with 23 percent only three years earlier.

The decrease in doctor participation in HMOs tracks a decline in HMO coverage throughout the state.

According to the Kaiser Family Foundation, the percentage of California workers enrolled in HMOs dropped to 48 percent in 2001, compared to 55 percent only one year earlier.

Grumbach draws a distinction, however, between HMOs that are networks of independent physicians and the Kaiser system, in which salaried physicians work in the health plan's hospitals and medical offices. Kaiser, he said, is going strong.

"Kaiser probably had it right in the beginning. It's the model of managed care that will last," he said. "If you want to win more physicians over to managed care, you need to go to a Kaiser-type system."

#### KAISER DOCTORS HAPPIER

Dr. Robert Pearl, chief executive of Kaiser's Permanente Medical Group, said the report confirms that Kaiser physicians are happier than their counterparts outside the giant HMO.

In his view, the system outside Kaiser is in trouble. "Over the past year, we've had Health Plan of the Redwoods go bankrupt, Lifeguard go bankrupt and Tenet investigated by the federal government," said Pearl. "Patients are petrified that their health plan, their doctor or their hospital will be gone next year."

Walter Zelman, chief executive of the California Association of Health Plans, acknowledged that physicians have often complained about the constraints of managed care, but said the system is still sound.

"Unraveling? That would be a considerable exaggeration," he said.

## LOBBYIST'S VIEW

Zelman, who is leaving his job as chief of the state's HMO lobby next week, agreed that the system is stressed, with competing demands of providers for more money and of consumers for lower rates.

"If the HMOs started paying physicians all they might like, premiums would have to go up, and there would be even more people uninsured," he said.

Steve McDermott, chief executive of Hill Physicians Medical Group in San Ramon, said he sees no signs of a retreat from managed care.

"Doctors are among the most unhappy folks around," he said. But the number of physicians in the group practice has remained steady at around 2,000 for four years. Two out of three physicians who apply to join Hill Physicians, the nation's largest independent practice association, are turned down.

The UCSF report, he said, "may be reflective of physicians' attitudes, but it doesn't reflect our actual experience."